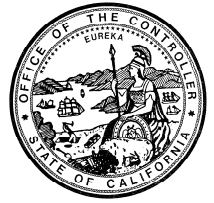


# News Release



*Controller of the State of California - Kathleen Connell*

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*For Immediate Release*

## ***EL NIÑO TAX REFUNDS IMMEDIATELY AVAILABLE FOR STORM VICTIMS***

*State Controller Displays Electronic Filing and Direct Deposit Capabilities  
Delivering Disaster Refunds in as Little as 5 Days*

SACRAMENTO, March 4, 1998 -- State Controller Kathleen Connell announced today that Californians who have suffered property damage from the recent El Niño storms may claim disaster losses on 1997's state tax return. Furthermore, electronic filing and newly added direct deposit capabilities at the Controller's Office can provide almost immediate tax relief to taxpayers living in designated disaster areas.

"The Controller's Office is very aware of the severe financial hardships facing many storm victims during this difficult period," said Connell, who also chairs the Franchise Tax Board (FTB). "As the April 15 tax deadline approaches, my office stands ready to assist those households hardest hit by El Niño storm damage. The Controller's Office has the technological infrastructure in place to receive storm damage claims on a Monday, and directly deposit refunds into bank accounts of victimized families by the following Monday: A seven-day turnaround."

Taxpayers residing in presidentially declared disaster areas have the option of claiming current disaster losses on their 1998 tax return due next year, *or if they choose*, they may elect to claim 1998 losses on *last year's* tax return, making themselves eligible for immediate refunds to offset current financial expenses. Additionally, the FTB will delay billing notices to residents in affected areas and provide copies of lost or damaged tax returns from previous years at no charge if requested.

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"Typically, March is the month taxpayers begin to worry about the April tax deadline. This year, however, we've provided storm victims with the flexibility to make the wisest choice for their particular situation, especially since this is a time when they must deal with property, and often personal, tragedies caused by the fierce impact of these winter storms," Connell said.

Business losses are generally fully deductible. Casualty losses from personal property damage are computed by a formula that will deduct any compensation received from insurers or any other disaster relief funds. For priority processing, taxpayers should write "El Niño Storms" at the top of their returns. Taxpayers can also call 1-800-852-5711 for additional information or assistance to compute allowable losses.

Connell made the announcement while conducting a tour of her office where direct deposits are administered. This year, for the first time, the Controller's office has begun direct deposit service for tax refunds filed electronically. Connell urged all residents to file their returns early if they expect a refund. If residents from declared areas suffer storm damage later, they can file an amended return to claim additional deductions. This also applies to residents that have already filed 1997 returns.

"If you live in a disaster impacted area and have suffered damage, it's critical to begin tax preparation now," Connell said. "Currently, we're able to process storm relief refunds in five days. However, we expect processing times will increase as storm activity escalates."

The following 35 counties have a disaster declaration: Alameda, Amador, Butte, Calaveras, Colusa, Contra Costa, Fresno, Glenn, Humboldt, Lake, Los Angeles, Marin, Mendocino, Merced, Monterey, Napa, Orange, Sacramento, Solano, San Benito, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Ventura, Yolo and Yuba.